

REMARKS

In the outstanding Office Action dated December 22, 2004, the Examiner rejected claims 1, 8-10, 17, and 24-28 under 35 U.S.C. § 103(a) as being unpatentable over Buchanan et al. (U.S. Patent No. 5,950,179) ("Buchanan"); and rejected claims 2-7, 11-16, and 18-23 under 35 U.S.C. § 103(a) as unpatentable over Buchanan in view of Gopinathan et al. (U.S. Patent No. 5,819,226) ("Gopinathan"). For the following reasons, Applicant respectfully traverses the Examiner's rejections under 35 U.S.C. § 103(a).

I. **Response to Applicant's Arguments made in Reply dated August 20, 2004**

As an initial matter, Applicant submits that the Final Office Action improperly fails to answer, or even address, Applicant's arguments concerning Buchanan made in the Reply dated August 20, 2004. As noted in M.P.E.P. § 707.07(f): "[w]here the applicant traverses any rejection, the examiner should, if he or she repeats the rejection, take note of the applicant's argument and answer the substance of it." (Emphasis added.)

Here, the Examiner's rejection of claim 1 under § 103(a) as being unpatentable over Buchanan repeats the very same allegations that the Examiner made in the prior Office Action in rejecting claim 1 under § 102(b), also based on Buchanan. Indeed, the Examiner repeats verbatim the same statement of how Buchanan purportedly discloses "reviewing account transactions of the identified account to determine whether fraud has been made on the account," as recited in claim 1. (O.A. at p. 3.) In the August 20, 2004 response, Applicant argued, with supported reasoning, that Buchanan failed to

teach this limitation of claim 1. (Reply at p. 16.) The outstanding Final Office Action, however, wholly fails to address this deficiency of Buchanan.

The Final Office Action also fails address Applicant's arguments regarding claim 2 made on pages 21-22 of the August 20, 2004, response. There, Applicant explained that the features the Examiner alleged were well-known – to the extent true (which they are not) – did not even satisfy the limitations of claim 2. Moreover, Applicant traversed the Examiner's assertion of official notice. (August 20, 2004, Reply at pp. 20-26.) As stated in M.P.E.P. § 2144.03:

[i]f applicant adequately traverse's the Examiner's assertion of official notice [or use of common knowledge], the examiner must provide documentary evidence in the next Office Action if the rejection is to be maintained (emphasis added). See 37 CFR 1.104(c)(2). See also Zurko, 258 F.3d at 1386, 59 USPQ2d at 1697 ("The Board must point to some concrete evidence in the record in support of these findings" to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2).

Despite Applicant's traversal, however, the Final Office Action fails to provide any documentary evidence, as required, to substantiate the Examiner's allegations. Rather, as noted above, the Examiner simply repeats the same allegations made in the prior response. (Final O.A. at pp. 6-7.)

For each of these reasons, Applicant submits that the finality of the outstanding Office Action is improper. Applicant respectfully requests that the Examiner either withdraw the rejection and allow the claims, or issue a new Office Action that properly answers Applicant's arguments made in the prior response.

II. **The Rejection of Claims 1, 8-10, 17, and 24-28 Under 35 U.S.C. § 103**

As noted above, Applicant respectfully traverses the Examiner's rejection of claims 1, 8-10, 17, and 24-28 under 35 U.S.C. § 103(a) as being unpatentable over Buchanan.

To establish a *prima facie* case of obviousness under 35 U.S.C. § 103(a), each of three requirements must be met. First, the reference or references, taken alone or combined, must teach or suggest each and every element recited in the claims.

M.P.E.P. § 2143.03 (8th ed. 2001, Revised February 2003). Second, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to combine the references in a manner resulting in the claimed invention. *Id.* at § 2143.01. Third, a reasonable expectation of success must exist that the proposed modification will work for the intended purpose. *Id.* at § 2143.02. Moreover, each of these requirements must "be found in the prior art, and not be based on applicant's disclosure." *Id.* at § 2143.

Buchanan is directed to a system for issuing a secured credit card to a customer who has difficulty qualifying for unsecured credit. (Abstract.) The system periodically monitors a customer's savings account and computes a credit limit after the customer makes an initial deposit. (Col. 1, lines 64-67.) Nothing in Buchanan, however, concerns whether any type of fraud has been made on the secured credit card account or the associated savings account.

In the Office Action, the Examiner refers to portions of Buchanan disclosing assessing the savings account to determine when the customer fails to make a payment and rejecting any transaction that places the credit card balance over the credit limit.

(Col. 5, lines 9-23; col. 6, lines 63-67.) These portions of Buchanan, however, do not disclose or suggest “identifying an account for potential fraud,” as recited in claims 1, 10, and 17. (See also, pp. 1-3 of Applicant’s specification.)

Indeed, the Examiner concedes that Buchanan does not disclose or suggest “identifying an account for potential fraud based on payments made to the account that made or would make an outstanding balance of the account to exceed a predetermined limit,” as recited in the claims. To compensate for this shortcoming, the Examiner again relies on a taking of Official Notice to allege that such processes are “well known in the art.” See *Office Action*, page 3, ¶ 3. Applicant traverses the Examiner’s taking of Official Notice. In accordance with M.P.E.P. § 2144.03, Applicant requests the Examiner to cite a competent prior art reference or affidavit to substantiate the Examiner’s conclusions, or to withdraw the rejection.

Moreover, even assuming that the features the Examiner alleges are well-known (which they are not), those features still do not disclose or suggest each feature of claim

1. Specifically, the Examiner states that:

In the conventional credit card system, when the cardholder makes a payment, the outstanding balance is calculated by subtracting the previous balance by the payment made ... The account is determined [to] exceed [a] predetermined credit limit when the outstanding balance is greater than the predetermined credit limit. Because the outstanding balance is calculated based on the payment made, thus if the cardholder fails to make [the] payment or the payment is bad ... the outstanding balance may increase and exceed the credit limit ... Thus, the payment made reflects the outstanding balance. Therefore, determining the potential fraud based on payments made to the account that made or would make an outstanding balance of the account to exceed a predetermined limit is inherited from determining the potential fraud based on whether [an] outstanding balance of the account...exceed[s] a predetermined limit, because the outstanding balance is calculated based on the payment made.

(OA at 4.)

Applicant admits that an outstanding balance of a conventional credit card account is calculated based on payments made to the account. (See Specification at pp. 1-3.) However, for such conventional credit cards, the payments described by the Examiner are not used as a basis for identifying an account for potential fraud – even if the payment is bad and the credit limit is exceeded. The account would simply be identified as being in default and over-limit. There is simply no support for the Examiner's conclusion that an account is identified for potential fraud based on the fact that a "payment made reflects the outstanding balance." Again, Applicant traverses the Examiner's assertions of official notice.

For the reasons above, Applicant requests that the rejection of claim 1 under 35 U.S.C. § 103(a) be withdrawn and the claim allowed. Claims 10 and 17, although of different scope, recite elements similar to that discussed above with regard to claim 1. Applicant therefore requests the Examiner to withdraw the rejection of claims 10 and 17 for at least the same reasons discussed above with respect to claim 1.

Claims 8-9 and 24-28 depend from claims 1, 10, or 17. As explained, claims 1, 10, and 17 recite elements not disclosed or suggested by Buchanan. Accordingly, claims 8-9 and 24-28 are allowable over Buchanan for at least the same reasons given above for claims 1, 10, and 17. Applicant therefore respectfully requests that the rejection of claims 8-9 and 24-28 under 35 U.S.C. § 103(a) be withdrawn and the claims allowed.

III. The Rejection of claims 2-7, 11-16, and 18-23 Under 35 U.S.C. § 103(a)

Applicant respectfully traverses the rejection of claims 2-7, 11-16, and 18-23 under 35 U.S.C. § 103(a) as unpatentable over Buchanan in view of Gopinathan because the Examiner has again failed to establish a *prima facie* case of obviousness.

Claims 2-7, 11-16, and 18-23 depend from claims 1, 10, or 17. As explained, claims 1, 10 and 17 recite elements not disclosed by Buchanan. Accordingly, claims 2-7, 11-16, and 18-23 are also distinguishable from this reference for at least the same reasons set forth for claims 1, 10, and 17.

Moreover, Gopinathan does not make up for the deficiencies of Buchanan. As discussed in the August 20, 2004, Reply, Gopinathan discloses a system that detects fraudulent transactions using a predictive model such as a neural network to evaluate individual customer accounts and identify potential fraudulent transactions. The reference does not, however, teach or suggest identifying an account for potential fraud based on payments to the account that made or would make an outstanding balance of the account to exceed a predetermined limit, as recited in claims 1, 10, and 17. Indeed, the Examiner merely cites Gopinathan for a teaching of flagging the account for review when there is potential fraud and comparing a fraud score to a threshold value.

Applicant therefore respectfully requests that the rejection of claims 2-7, 11-16, and 18-23 under 35 U.S.C. § 103(a) be withdrawn and the claims allowed.

IV. Conclusion

In view of the foregoing remarks, Applicant respectfully requests reconsideration and reexamination of this application and the timely allowance of the pending claims 1-28.

Please grant any extensions of time required to enter this response and charge any additional required fees to our deposit account 06-0916.

Respectfully submitted,

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Dated: March 22, 2005

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